

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 SAJ-01 EB-11 COME-00 TRSE-00 STR-08 SCI-06

NIC-01 FAA-00 EA-11 DRC-01 /139 W

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R 041731Z MAR 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 7271

INFO AMEMBASSY BUCHAREST

CONFIDENTIAL PARIS 05437

E.O. 11652: GDS

TAGS: PFOR, RO, FR

SUBJECT: FRENCH-ROMANIAN ECONOMIC MATTERS

REF: (A) PARIS 1392; (B) PARIS 3653

1. SUMMARY. IN CONVERSATION WITH EMBOFF, ROMANIAN EMBASSY COUNSELLOR SAID TEN YEAR ECONOMIC, TECHNOLOGY AND SCIENCE AGREEMENT, AS WELL AS TAX AGREEMENT WERE INITIALED DURING MEETING OF MIXED COMMISSION MARCH 1-2 AND WOULD BE SIGNED BY GISCARD D'ESTAING LATER THIS MONTH. HE SAID THAT HELICOPTER CONTRACT WAS STILL A-WAITING POLITICAL DECISION AND THAT LICENSING AGREEMENT FOR FRENCH IRIS-50 COMPUTERS WAS GOING FORWARD. END SUMMARY.

2. ROMANIAN COUNSELLOR NOTED THAT MEETING OF MIXED ROMANIAN-FRENCH COMMISSION HAD TAKEN PLACE IN SPITE OF GISCARD D'ESTAING'S INABILITY TO ATTEND. HE HAD EXCUSED HIMSELF SIMPLY ON GROUNDS THAT HE WAS NOT FORMALLY IN CHARGE OF THE MINISTRY AT THE TIME THE DELEGATION WAS DUE TO DEPART FOR BUCHAREST. HOWEVER, CONFIDENTIAL

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HE PLANNED TO SIGN THE TEN-YEAR AGREEMENT AND THE TAX

AGREEMENT IN A SEPARATE VISIT WHICH WOULD PROBABLY TAKE PLACE LATER THIS MONTH.

3. ROMANIAN COUNSELLOR SAID DOSSIER ON HELICOPTER CONTRACT IS ON THE DESK OF FIRST VICE CHAIRMAN ILIE VERDET, BUT THAT FINAL DECISION MAY BE DELAYED, ESPECIALLY IN VIEW OF FRENCH GOVERNMENT SHAKE-UP. ASKED WHY HE HAD SAID DECISION HAD ALREADY BEEN TAKEN THREE WEEKS AGO IN FAVOR OF FRENCH PUMAS (REFTEL B), COUNSELLOR SAID HE HAD MEANT THAT SUCH DECISION HAD BEEN MADE AT TECHNICAL LEVEL. MATTER NOW AWAITED FINAL POLITICAL CONSIDERATION. HE CONFIRMED POINTS MADE REFTEL B, THAT ROMANIANS CONSIDERED PUMAS TECHNICALLY BETTER THAN SIKORSKYS, AND THAT FRENCH WERE MORE FLEXIBLE ON COCOM RESTRICTIONS INVOLVING POSSIBLE SALES TO CHINA. IN CONTRAST TO WHAT HE HAD SAID IN EARLIER MEETING (REFTEL A), COUNSELLOR CLAIMED SIKORSKY BID WAS ACTUALLY ABOVE THAT OF FRENCH. ON OTHER HAND SIKORSKY HAD OFFERED LOWER INTEREST RATE -- 5 1/2 PERCENT AS COMPARED WITH FRENCH 6 1/2 PERCENT. ANOTHER DIFFICULTY WAS TERM OF LOAN, THE ROMANIANS WANTING IT STRETCHED OVER A PERIOD OF UP TO 20 YEARS. COUNSELLOR CONFIRMED THAT ROMANIANS HAD ASKED FRENCH FOR 500 MILLION FRANC LOAN, BUT KNEW THIS WAS IMPOSSIBLE AND WERE NOT SURPRISED AT NEGATIVE FRENCH REACTION. ACTUALLY, FRENCH WERE HESITATING ON LOAN OF ANY SIZE, ACCORDING TO COUNSELLOR, BECAUSE OF PRESENT TIGHT CREDIT SITUATION, AND POSSIBILITY WAS BEING DISCUSSED OF DOING FINANCING OUTSIDE FRANCE.

4. ACCORDING TO COUNSELLOR, ROMANIAN DELEGATION WAS IN PARIS OVER THE WEEKEND TO DISCUSS LICENSING AGREEMENT FOR FRENCH IRIS-50 COMPUTERS, FOLLOWING UP VISIT OF FRENCH DELEGATION TO BUCHAREST LAST NOVEMBER. HE SAID FRENCH HAD RAISED PRICE 5 PERCENT, CITING INFLATION, BUT THOUGHT THAT DEAL WOULD EVENTUALLY GO THROUGH.

5. COMMENT. SOME OF ROMANIAN COUNSELLOR'S COMMENTS ON HELICOPTER DEAL ARE OBVIOUSLY CALCULATED TO PUT PRESSURE ON SIKORSKY FOR BETTER OFFER, AND HIS PREVIOUS STATE-
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MENTS (SEE REFTELS) HAVE NOT BEEN COMPLETELY CONSISTENT. THE CLEAR INFERENCE FROM HIS REMARKS WAS THAT, WHILE FRENCH EQUIPMENT AND TERMS ARE BETTER, ROMANIANS WOULD PREFER TO DO BUSINESS WITH U.S. FIRM FOR POLITICAL REASONS. IN THIS CONNECTION, HE CLAIMED THAT VERDET HAS LITTLE LIKING FOR THE FRENCH.

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC COOPERATION, FOREIGN RELATIONS, MILITARY SALES, HELICOPTERS, TECHNOLOGICAL EXCHANGES
Control Number: n/a
Copy: SINGLE
Draft Date: 04 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: WorrelSW
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974PARIS05437
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740370/aaaacngi.tel
Line Count: 114
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: (A) PARIS 1392; (B) PARIS 3653
Review Action: RELEASED, APPROVED
Review Authority: WorrelSW
Review Comment: n/a
Review Content Flags:
Review Date: 18 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 APR 2002 by ifshinsr>; APPROVED <30-Sep-2002 by WorrelSW>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FRENCH-ROMANIAN ECONOMIC MATTERS
TAGS: PFOR, RO, FR
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005